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TO: Kimberly James, Director
Buildings, Safety Engineering and Environmental Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 2, 2011

RE: 2010-2011 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2011-12 Fiscal Year.

We would appreciate a written response to the issues/questions by **Tuesday, May 10, 2011**. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Finance Director
Floyd Stanley, Deputy Budget Department Director
Alia Moss, Budget Department
Denise N. Gardner, Mayor's Office

Buildings, Safety Engineering and Environmental Department (13)

FY 2011-12 Budget Analysis by the Fiscal Analysis Division

Summary

Buildings, Safety Engineering and Environmental Department (BSEE) is an enterprise agency. The recommended 2011-12 Budget is \$27.7 million, which is a \$3,662,375 (11.64%) decrease from the current year's budget. The Mayor is proposing a General Fund subsidy of \$1,357,082 million to the department in FY 2011-12. The Net Tax Cost for the department is (\$710,918) in the 2011-12.

In FY 2011-2, the Mayor is proposing to classify approximately \$2,068,000 as General Fund revenue, with only \$68,000 (3.4%) directly attributable to Environmental Department revenue. This accounts for the (\$710,918) in Net Tax Cost budgeted for the department in the 2011-12 FY.

In accordance with PA 245 of 1999, BS&E is established as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BSEE as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$4 million, a decrease of \$311,327 (7.2%) for Demolition Administration.

2010-11 Surplus/(Deficit)

The Mayor anticipates neither a surplus nor deficit for BSEE for FY 2010-11.

Overtime

The overtime budget for current year is \$204,000. The recommended FY 2011-12 overtime budget is \$200,300, a reduction of \$3,700 (1.8%).

Personnel and Turnover Savings

The Mayor has recommended the net reduction of 44 positions. The reductions involve the elimination of 8 City positions, 29 construction positions and 7 block grant positions.

The department has no budgeted turnover savings in FY 2011-12.

Following is information by appropriation comparing budgeted FY 2010-11 positions, March 31, 2011 filled positions and FY 2011-12 recommended positions.

Appropriation/Program	Redbook Positions FY 2010- <u>11</u>	Filled Positions <u>3/31/2011</u>	Mayor's Budget Positions FY 2011-12	Over/(Under) Actual to 10/11 Budget	Mayor's Recommended Turnover
Buildings & Safety Eng. (13):					
130310 Administration	15	10	14	(5)	\$ -
130312 Licenses & Permits		2		2	\$ -
130314 Plan Review				0	\$ -
10814 Administration & Licenses	15	12	14	(3)	\$ -
130013 Show Cause Hearings				0	\$ -
130340 Mechanical	51	46	49	(5)	\$ -
130345 Housing Inspections	30	28	26	(2)	\$ -
130346 Buildings	24	19	24	(5)	\$ -
130347 Zoning	4	4	4	0	\$ -
10815 Inspections	109	97	103	(12)	\$ -
10829 Demolition-B&SE	30	22	23	(8)	\$ -
11110 Property Maintenance					
Enforcement	70	61	55	(9)	\$ -
130365 Business License Center	14	9	7	(5)	\$ -
12146 Business License Center	14	9	7	(5)	\$ -
130370 - Environmental Affairs Department	7	4	6	(3)	\$ -
13161 Environmental Affairs Department	7	4	6	(3)	\$ -
130375 Permits	13	21	24	8	\$ -
130376 Plan Review	31	10	13	(21)	\$ -
13162 Planning and Permitting	44	31	37	(13)	\$ -
13XXXX Cost Center Not on File				0	\$ -
13XXXX Leave of Absence		(3)		(3)	\$ -
13XXXX Worker's Comp.		(3)		(3)	\$ -
13XXXX Unmatched Positions		<u>8</u>		<u>8</u>	<u>\$ -</u>
TOTAL	<u>289</u>	<u>238</u>	<u>245</u>	<u>(51)</u>	<u>\$ -</u>

Significant Funding by Appropriation

Appro. Program

10814 Administration Appropriation of \$5.8 million is reduced by \$2.35 million
& Licenses in FY 2011-12. The decrease is due primarily to the
reduction of \$1,150,911, in Other Expenses, a \$1 million
reduction in Capital Outlays Maintenance and a
\$925,000 reduction in Professional Contractual Services.
The reductions in this appropriation are offset by a
\$382,475 increase in Operating Service, \$203,226
increase in employee benefits and various other small
increases.

10815	Inspections	This appropriation increases by \$183,058, due primarily to an \$93,415 increase in org. 130347 Zoning, an \$82,883 increase in org. 13040 and a \$81,086 increase in org. 130346 Buildings. The increases are offset by a \$74,308 reduction in org. 130345 Housing\Inspections.
11110	Prop. Maint. Enforcement	This appropriation decreases by \$339,511 in the 2011-12 FY. The decrease is due primarily to the costs associated with the loss of 7 positions.
10829	Demolition-Adm-BS&E	Appropriation decreases slightly by \$311,327 in 2011-12. This account reflects the amount of Block Grant dollars anticipated for BS&E in the 2011-12 FY.
13162	Planning and Permitting	This appropriation of \$2.4 million is reduced by \$519,435 in FY2011-12 and 7 fte's. The decrease is due to a \$422,231 reduction in org. 130375 Permits and a \$97,204 reduction in org. 130376 Plan Review.
12146	Business Licen. Center	This general fund appropriation of \$609,484 and 7 positions in the 2011-12 FY, is reduced by \$391,032 and 7 fte's.
13161	Environmental Affairs Depart.	This General Fund appropriation increases by \$67,006. in the 2011-12 FY.

Significant Revenue Changes by Appropriation and Source

Appro. Program

10815	Inspections	This revenue appropriation decreases by \$1,177,478. The decrease reflects a \$1,465,305 reduction in org. 130345 Housing /Inspections, offset by an anticipated \$287,827 increase in org. 130340 Mechanical revenue.
11110	Prop. Maint.	This revenue appropriation increases slightly by \$50,371.
10829	Demolition	This revenue decreases by \$311,327 in BS&E Block Grant dollars for FY 2011-12.
12146	Business Licen. Center	This revenue appropriation of \$2 million in the 2011-12 FY is reflected as general fund revenue.
13162	Planning and Permitting	This revenue appropriation is reduced by \$1,899,915. the decrease is due primarily to an anticipated \$1,900,625 reduction in org. 130376 Plan Review revenue. in the 2011-12 FY.
13161	Environmental Affairs Depart.	This General Fund revenue appropriation budgeted at \$68,000, remains unchanged in the 2011-12 FY.

Buildings, Safety Engineering and Environmental Department (13)

Budgeted Professional and Contractual Services by Activity	FY 2010-11 <u>Budget</u>	FY 2011-12 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration & Licenses	\$ 1,000,000	\$ 75,000	\$ (925,000)
Planning and Permitting	-	-	\$
Inspection Services	-	-	-
Dangerous Buildings & Demolition	\$ 2,038,117	\$ 2,071,249	\$ 33,132
Business License Center	\$ 310,800	\$ 162,000	\$ (148,800)
Environmental Affairs	\$ 75,000	\$ 64,125	\$ (10,875)
Total	<u>\$ 3,423,917</u>	<u>\$ 2,372,374</u>	<u>\$ (1,051,543)</u>

Professional and Contractual Services decrease by \$1 million (30.7%) for BS&E in the 2011-12 FY.

Questions and Issues

The department is the result of the recent merging/consolidation of the Environmental Affairs Department, a General Fund agency and the Buildings and Safety Engineering Department, an Enterprise Agency.

- Has the merger proven to be a successful? If so, how?
- Currently, BS&E receives an annual subsidy, \$1.68 million in the current fiscal year and \$1.35 million in FY 2011-12. Are there plans to one day to make the department a true enterprise agency, totally self sufficient? If so, when?
- In FY 2011-12, the department's General Fund projected General Fund revenue is expected to exceed its General Fund Appropriation by \$710,918 (Business License Center). What is the basis of this projection?
- How would the loss of General Fund support impact the day-to-day operations in the department?

The department is losing several positions in FY 2011-12, which includes the net loss of 44 positions. Please detail your position changes and the anticipated overall impact on operations.

- Are there any newly reclassified positions added to the department?
- Are there any layoffs planned for BSEE?

The department has implemented the Tidemark system for much of its financial activity. To-date how successful has the system performed in the following areas:

- Interfacing with the City's DRMS financial system
- Permit tracking
- Billing activity
- Account receivable collections

Pg 13-2 MAJOR INITIATIVES FOR FY 2010-11:

.One of the department's major initiatives involves a Business Process Re-engineering Project.

- To-date, how close is the department in fully implementing this initiative?
- What is the anticipated overall impact of this initiative and its relationship to revenue collections?
- What is the anticipated impact of the reductions?

Regarding the collections of delinquent accounts, the department has indicated it will aggressively pursue all means to insure that the 36th District Court hears more cases relating to the department's judgments.

- What methods is the department pursuing to accomplish this stated goal?
- So far, how has this initiative impacted revenues?
- Annually, what is projected impact of this initiative on the collection of delinquent revenue?

**Page 13- 18 INSPECTION SERVICES FOR PROPERTY MAINTENANCE
DIVISION/ MEASURES AND TARGETS –**

Goals:	2007-08	2008-09	2010-11	2011-12
Measures	Actual	Actual	Projection	Target
Elevator Safety Inspections	5,223	1,300	6,000	6,200

- The 2011-12 targets listed above is anticipated to increase significantly. Is 6,000 an accurate figure for the 2010-11 FY and 6,200 in FY 2011-12? If so, what's the department's rationale for such significant increases for the current and upcoming fiscal year?
- What is the projected impact on revenue?
- Are there changes to the Charter that you would suggest that would improve your agency's efficiency?

Please provide a list of all fees and charges made by the Buildings, Safety Engineering Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not, provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with the soon to be renamed, Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? If so, identify what those systems are, and what are the plans and timetable to incorporate the system into DRMS. For example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system

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